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LANSING, MICHIGAN

CORPORATION

INCOME TAX RETURN FORM L-1120

Revised 01/2011

FOR: CORPORATIONS DOING BUSINESS IN LANSING, MICHIGAN

FILING INSTRUCTIONS

FILING DATE: Taxpayers on a calendar year are required to file by April 30; those on a fiscal year must file by the last day of the fourth month following the end of the fiscal year. Returns shall be for the same calendar year, fiscal year, or other accounting period as the taxpayer uses for Federal income tax purposes.

REMITTANCE: The tax due, if one dollar or more, must be paid when filing the return. Make remittance payable to:

TREASURER-CITY OF LANSING

MAILING ADDRESS:

Payment Due: City Treasurer's Office

P.O. Box 40752 Lansing, MI 48901

Refund or Credit: City Income Tax

Room G-29, 1st Floor 124 W. Michigan Ave. Lansing, MI 48933-1697

Corporations Required to File

Every corporation including S-corporations, doing business in the city, whether or not it has an office or place of business in the City, and whether or not it has net profits, is required to file a City of Lansing Income Tax Corporation Return, Form L-1120.

So called tax option corporations (Federal Subchapter S-Corporations) must file as corporations on Form L-1120.

Non-profit corporations which have applied for and received approval for exemption from the Federal income tax shall not be required to file a Lansing return provided they submit to the Administrator of the Income Tax Division a copy of their exemption approval from the Internal Revenue Service. Such exemption from the City's filing requirement will continue in effect as long as their Federal exemption is in effect. The ordinance also specifically exempts state and national banks, trust companies, insurance companies, building and loan, and saving and loan associations, and credit unions (either state chartered or federal chartered).

Extensions

Upon submission of an "Application for Extension", made on or before the date for filing a return, the Administrator of the Income Tax Division may extend the time for filing up to six months, or

where a longer extension has been granted by the Federal Internal Revenue Service, to one month beyond such extension. Where an extension is granted, the tax must be paid with the extension. Failure to pay all taxes due by the original due date will subject the business to penalties and interest.

General Instructions

All dollar amounts must be rounded to the nearest whole dollar.

The income and expense items should be reported in the following manner:

Depreciation-Use the same basis and method as used for Federal income tax reporting.

Contributions-Contributions are deductible to the same extent, and under the same limitations, as under the Federal Internal Revenue Code.

Dividends and Interest-Taxpayers allocating on any basis other than separate accounting shall include all interest, dividends, and other non-operating income to arrive at the total income subject to the allocation percentage. Taxpayers using separate accounting shall include in income subject to tax a proportionate share of dividends, interest, and other non-operating income of the total corporation, using a direct allocation if the income is received by the divisions subject to the Lansing tax, or apportioning it on the same basis as general administrative and overhead costs are apportioned to Lansing activity.

Income for rents and royalties-Follow the same instructions here as for dividends and interest above.

Gain or loss from sale or exchange of property-Only the amount of the gain or loss occurring from July 1, 1968 to date of disposition shall be recognized for purposes of the Lansing income tax. Adjustment for this is to be made on Page 1, by removing the gain or loss on Line 2, and reinserting on Line 8 only the portion of the gain or loss applicable to the holding period subsequent to July 1, 1968, to the date of disposition. Any net capital loss carry-over included in Line 2 of Page 1 should be excluded before entry on Line 8 of Page 1. The portion of Line 2 that represents net capital loss carry-over is to be entered on Line 12 of Page 1 in accordance with the instructions for that line. The amount of gain or loss occurring after July 1, 1968 (to be entered on Page 1, Line 8) is to be determined by either (1) computing the difference between the July 1, 1968, fair market value (July 1, closing price for

traded securities) or the cost if the date acquired was subsequent to July 1, 1968, and the proceeds from the sale or exchange, or (2) by using the gain or loss for the entire holding period, as computed for Federal income tax purposes, and computing the taxable portion of such gain or loss on the ratio that the number of months held in the period subsequent to July 1, 1968 is to the total time the property was held.

Net operating losses carried forward are to be shown on Line 12 of this return

Losses are to be allocated to Lansing at the percentage of business conducted in Lansing in the year in which the loss was sustained. If all business was not conducted in Lansing in the year in which the loss was sustained, use the business allocation percentage formula to arrive at the deductible portion of the loss. If you did not conduct 100% of your business in Lansing, attach a schedule showing your computation for the amount reported on this line.

Schedule D Instructions

The business allocation percentage formula is to be used by corporations with business locations both within and outside the City of Lansing unless permission has been granted to use the separate accounting method. To use the separate accounting method, you must obtain written permission from the Lansing City Treasurer prior to the beginning of the tax year.

The business allocation percentage formula is calculated on Schedule D as follows:

Line 1. Enter in Column 1 the average net book value of all real and tangible personal property owned by the business, regardless of location; and in Column 2 show the net book value of the real and tangible personal property located in the City of Lansing. The average net book value of real and tangible personal property may be determined by adding the net book values at the beginning of the year and the net book values at the end of the year and dividing the sum obtained by 2. Any other method which will accurately reflect the average net book value for the year will also be permitted.

Line 1 a. Enter in Column 1 the gross annual rentals multiplied by 8 for all rented property used by the business regardless of location. In Column 2 show the gross annual rentals multiplied by 8 for all rented property used by the business and located in the City of Lansing. Gross annual rentals refer to real property, rented or leased during the taxable period, and should include the actual sums of money or other consideration payable, directly or indirectly, by the taxpayer for the use or possession of such real property.

Line 2. Enter in Column 1 the total compensation paid to all employees during the taxable period and in Column 2 show the amount of compensation paid to employees for work done or for services performed within the City of Lansing during the taxable period, including severance pay.

Line 3. Enter in Column 1 the total gross revenue from all sales or services rendered during the taxable period and in Column 2 show the amount of revenue derived from sales made or services rendered in the City of Lansing during the taxable period.

Schedule E-Instructions

Line 1. Use this line to adjust net profit for those items reflected in the taxable period which are attributable to any period prior to July 1, 1968.

Examples of items of this nature which are adjustments to prior periods would be assessments and interest based on deficiencies in sales and use taxes, federal excise tax, personal and real property taxes, etc.

Line 6. The Lansing City Income Tax Ordinance provides for the specific exclusion from tax of the interest from obligations of the United States, the states or subordinate units of government of the state.

Line 7. If you reported dividend income, enter on this line the amount of the dividend received exclusion allowed by the Federal Internal Revenue code for dividends received during the taxable period.

Line 8. Taxpayers may deduct income, war profits and excess profits and excess profit taxes paid to foreign countries or possessions of the United States, allocated to income included in taxable net income, any part of which would be allowable as a deduction in determining federal taxable income under applicable provisions of the Federal Internal Revenue Code.

Line 9. Other deductions are to be included on this line. The investment credit and other Federal credits allowed against tax by the Federal Internal Revenue Service are not allowable as a credit against the tax by the City of Lansing.

Renaissance Zone

Corporations doing business in a Lansing renaissance zone are eligible for the Renaissance Zone Credit by completing Schedule RZ. This form can be obtained by contacting the Income Tax Division at 517-483-4114. This credit became available July 1, 1997 and expires June 30, 2012. Please contact the City Assessor's Office at 517-483-4020 to determine if a business is located in a renaissance zone.

Computation and Payment of Tax

After computing your Lansing Income Tax and deducting your credits, if there is any tax due it must be paid when filing this return. Make check or money order payable to CITY OF LANSING and mail with the return to CITY TREASURER'S OFFICE, P.O. BOX 40752, LANSING, MI 48901. If your payments and credits exceed the tax, show the amount of such overpayment on Line 18 and check the appropriate box(s) on Line 19 if you wish the overpayment refunded. Refunds will be made as quickly as possible, but please allow 90 days before making an inquiry.

Declaration and Payment of Estimated Tax

- 1. Requirements: Every corporation subject to tax on all or part of its net profits must file a Declaration of Estimated income Tax (Form L1040-ES). An estimated tax payment is not required from corporations if the estimated tax is \$250 or less.
- 2. Payment Requirements: The declaration for calendar year taxpayers must be filed on or before April 30 or when the company becomes liable for the tax. The estimated tax may be paid in full with the declaration or in four equal installments due April 30, June 30, September 30 and January 31.

For corporations with fiscal years, the declaration is due four months after the end of the fiscal year and the four equal payments are due at the end of the fourth, sixth, ninth and thirteenth months.

3. Penalties and Interest: If the tax liability exceeds the \$250 requirement for making estimated payments, the estimated tax paid during the year must exceed 70% or more of the total tax liability for either the current or the preceding year. Failure to pay 70% of the current or preceding years tax liability may result in the assessment of penalties and interest.

Amended Returns

Previously submitted returns may be amended by using the City of Lansing Form L1120X. This form can be obtained from the City Income Tax Office.

Assistance

For questions not answered in the instruction booklet, or other assistance, please call 517-483-4114 or visit our web page at www.lansingmi.gov. Our office is located at 124 W. Michigan Ave., 1st Floor-City Hall, Lansing, MI 48933.